

**AUDIT OF
REIMBURSABLE WORK AUTHORIZATIONS
REPORT NUMBER A060101/P/2/R08006**

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Office of Inspector General
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Date: September 30, 2008

Reply to: Howard R. Schenker
Attn of: Regional Inspector General for Auditing (JA-2)

Subject: Audit of Reimbursable Work Authorizations
Report Number A060101/P/2/R08006

To: David L. Winstead
Commissioner, Public Buildings Service (P)

This report presents the results of our audit of the use of Reimbursable Work Authorizations (RWAs) by GSA's Public Buildings Service (PBS). Our audit objectives were to determine whether RWAs are properly accounted for and controls over RWAs are adequate and effective.

As a result of our audit, we identified problems and issues that impact the effectiveness of and accountability over the RWA process. However, we recognize that the work done by the PBS National RWA Team has addressed some of these matters. Consequently, we are dividing our findings into two sections. Section I of the report addresses problems we identified during our audit that are being addressed through the processes and procedures being recommended for implementation by the National Team. Section II identifies vulnerabilities in the RWA process that the National Team has not specifically addressed but should consider as part of their process. These vulnerabilities, or residual risks, include prospectus-related issues, the use of GSA's contracting authority, the allocation of project management service costs, the appropriateness of cost allocations, the lack of separation of duties regarding leased space alterations and several file documentation issues.

If you have any questions regarding this report, please contact me or Howard R. Schenker, Regional Inspector General for Auditing, on (212) 264-8620.


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TABLE OF CONTENTS

	<u>PAGE</u>
EXECUTIVE SUMMARY	i
INTRODUCTION	1
Background.....	1
Initiatives.....	1
Objectives, Scope and Methodology	2
RESULTS OF AUDIT.....	3
I. ISSUES ALREADY BEING ADDRESSED BY THE NATIONAL RWA TEAM	3
Lack of Scope	4
Lack of Cost Estimates	7
Bona Fide Need.....	8
Prompt Closure/Transfer of Funds.....	9
II. RESIDUAL RISKS IDENTIFIED DURING OUR AUDIT	12
Prospectus Issues Need to be Clarified.....	12
Use of GSA’s Contracting Authority.....	16
Project Costs Not Allocated to Appropriate Cost Centers.....	20
Allocation of Project Management Costs	24
Lack of Segregation of Duties Regarding Alterations in Leased Space.....	25
Miscellaneous File Documentation Issues.....	27
CONCLUSION.....	29
RECOMMENDATIONS.....	30
MANAGEMENT COMMENTS	30
MANAGEMENT CONTROLS.....	30
APPENDICES	
Management Comments	A-1
Schedule of RWAs That Appear in Report.....	B-1
Report Distribution	C-1

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EXECUTIVE SUMMARY

Purpose

The primary objectives of our review were to determine if 1) Reimbursable Work Authorizations (RWAs) are properly accounted for, and 2) controls over RWAs are adequate and effective. Our work was conducted in the National Capital Region, Southeast Sunbelt Region, Greater Southwest Region and Pacific Rim Region.

Background

RWAs are established to capture and bill the costs of altering, repairing, renovating or providing services in space managed by GSA over and above the basic operations financed through rent and in other properties managed by the Federal community. RWAs have become a significant part of PBS's operation with more than 10,000 requests accepted annually, resulting in \$1 billion in business.

PBS has recognized that RWA management is a problem area affecting its financial controls and relationships with clients. As a result, PBS has undertaken significant initiatives in recent years to improve RWA performance. Most notably, PBS's National RWA Team has identified many problem areas and has recommended processes and procedures to address these problems.

Results in Brief

As a result of our audit, we identified problems and issues that impact the effectiveness of and accountability over the RWA process. However, we recognize that the work done by the National Team has addressed some of these matters. Consequently, we are dividing our findings into two sections. Section I addresses problems we identified during our audit that are being addressed through the processes and procedures being recommended for implementation by the National Team. Section II identifies vulnerabilities in the RWA process that the National Team has not specifically addressed but should consider as part of their process. These vulnerabilities, or residual risks, include prospectus-related issues, the use of GSA's contracting authority, the allocation of project management service costs, the appropriateness of cost allocations, the lack of separation of duties regarding leased space alterations and several file documentation issues.

Recommendations

We recommend that the controls recommended by the National Team are effectively implemented and adhered to and the results achieved are monitored. Additionally, we recommend that the residual risks associated with the RWA process identified in this report be included in the National Team's reengineered process, addressed by management where clarifications are needed and/or disseminated to GSA associates as part of their overall training/implementation process.

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INTRODUCTION

Background

The Public Buildings Service (PBS) was established by the Public Buildings Act of 1959, which sets forth the functions of PBS, including “providing for repairs and alterations of Government owned or leased space on a reimbursable basis. PBS established the Reimbursable Work Authorization (RWA) vehicle to provide this service to its client federal agencies.

RWAs are established to capture and bill the costs of altering, repairing, renovating or providing services in space managed by GSA, over and above the basic operations financed through rent, and in other properties managed by the Federal community. RWAs have become a significant part of PBS’s operation with more than 10,000 requests accepted annually, resulting in \$1 billion in business.

PBS client agencies prepare a GSA RWA Form 2957 to request PBS perform work for them on a reimbursable basis. The RWA specifies the work required, requested start and completion dates, total dollar amount allocated for the work and the appropriation or fund to be charged. The RWA form must be completed and approved by the cognizant GSA official and a customer agency official.

PBS processes two categories of RWA, recurring and non-recurring. Recurring RWA’s are used to provide above-standard services to customers for whom the costs of those services cannot readily be identified, most commonly overtime utilities. Recurring RWAs have fiscal year limitations and are established to cover any period of time within the current 12-month fiscal year. Non-recurring RWAs are used to provide services for which costs can be readily identified and captured, most commonly repair and alteration projects in government-controlled space. With the exception of “F” types, non-recurring agreements have no self-determined fiscal year limitations, other than the life of the customer appropriation.

In addition to the direct cost of the reimbursable work, PBS pricing policy charges two other indirect costs to each RWA, an overhead cost allocation and a 4 percent project management fee.

Initiatives

There have been past indications of problems in PBS RWA management. For example, RWA billing has received the lowest scores for customer satisfaction amongst the PBS programs in the PBS FY 2006 Ordering Official Survey of customer satisfaction.

Further, GSA’s independent auditors, Pricewaterhouse Coopers (PwC), in their audit of the Fiscal Year 2005 financial statements of GSA and the Federal Buildings Fund, identified a material weakness in GSA’s controls over monitoring, accounting and reporting of budgetary

transactions. Contributing to this problem were a significant number of RWAs that did not have adequate documentation to support their unfilled customer order balance, and RWAs that were long outstanding or inactive. In addition, in GSA's 2007 Performance and Accountability Report, PwC identified a significant internal control deficiency with regards to RWAs. PwC "noted instances in which RWAs did not have adequate documentation to support a valid UFCO (unfulfilled customer order) balance. There were also instances of long outstanding and inactive RWAs."

PBS has recognized that RWA management is a problem area affecting its financial controls and relationships with clients. As a result, PBS has undertaken significant initiatives in recent years to improve RWA performance.

On May 4, 2005, PBS issued a RWA National Policy Document to serve as the primary resource for PBS staff for guidance on RWA policy. The national policy consolidated the previously existing federal laws and regulations and GSA orders and memorandums regarding RWAs.¹ The policy document was intended to serve as a resource to ensure a standardized RWA process from initiation to closure. It also describes RWA policies in the areas of pricing, billing and closing.

In July 2006, PBS created a national RWA project management team (National Team) to review and assess the RWA program. The National Team, which includes representatives from each Region and PBS Central Office, was tasked with providing PBS customers an institutionalized RWA management process from initiation through closeout. The National Team focused on the areas of data accuracy, financial management, project management, billing and reporting. They also conducted benchmarking studies of other public agency reimbursable type programs.

The National Team's draft report, issued in January 2007, made recommendations for improvement in the areas of (1) standardized policy interpretation, (2) financial management and reporting, (3) the project management process, (4) RWA management and training and (5) ownership over the RWA.

Objectives, Scope and Methodology

The objectives of our review were to determine if: 1) RWAs are properly accounted for, and 2) controls over RWAs are adequate and effective. Our work was conducted in the National Capital Region, Southeast Sunbelt Region, Greater Southwest Region and Pacific Rim Region.

To accomplish our review, we reviewed files for 139 RWAs issued from January 2001² through March 2006. We selected this sample on a judgmental basis, based on dollar value, the client

¹ It is important to emphasize that although the Policy Document was issued on May 4, 2005, much of its content is based on pre-existing policy and/or guidance. For example, the Policy Document itself references a September 2002 NCR RWA Desk Guide and provides a copy of a PBS NEAR Communique dated September 21, 1990, entitled Guidance for Processing RWAs.

² At the time of our sample selection, we decided to review RWAs that were issued as far back as 2001 because of the "five-year rule" – i.e., client agency appropriations are to be executed within the life of the appropriation for obligation but within five years for expensing.

involved, the length of time the RWA was open and how costs were assigned to PBS building numbers. Essentially, our criteria were risk-based, and, therefore, were intended to identify issues and/or problems that had been found during previous survey work.

We limited our selection of RWA files to Type A (non-prospectus repairs and alterations), Type N (non-prospectus space alterations) and Type B (prospectus repairs and alterations). We did not include RWAs for large construction projects that are funded by direct appropriations to other agencies.

We reviewed the RWA files and related documentation, as well as RWA information on GSA databases such as RWA Search and the Financial Management Information System (FMIS). We interviewed PBS staff involved in the contracting, budget and project management aspects of the RWAs selected for review.

Further, we reviewed the GSA policies and guidelines on the RWA process in the National Policy Document and in GSA orders and memorandums. We held discussions with PBS staff in Central Office and with members of the National Team.

The audit fieldwork, including site visits, Regional correspondence, research, analysis and summarization, was conducted during the period of February 2006 through September 2007 in accordance with generally accepted government auditing standards.

Results of Audit

As a result of our audit, we identified problems and issues that impact the effectiveness of and accountability over the RWA process. However, we recognize that the work done by the National Team has also identified some of these same matters. Consequently, we are dividing our findings into two sections. Section I addresses problems we identified during our audit that are being addressed through the processes and procedures being recommended for implementation by the National Team. Section II identifies vulnerabilities in the RWA process that the National Team has not specifically addressed but should consider as part of its process.

I. ISSUES ALREADY BEING ADDRESSED BY THE NATIONAL RWA TEAM

We have identified problems in our RWA sample dealing with the lack of scopes and/or estimates, support for bona fide need and the use of remaining balances for other projects. However, the National Team has also identified these problem areas and has made recommendations that address these issues. Consequently, should the processes and procedures that have been recommended be successfully implemented, many, if not all of the problems we identified in this section should be mitigated. Accordingly, we recommend that these issues be monitored to ensure that the National Team's recommended procedures are put in place and that the procedures are working effectively.

Lack of Scope

In general, the regional RWA files we reviewed did not have a documented scope of work at the time of PBS acceptance of the RWA. This scope should support the RWA by clearly defining the work the client agency is requesting.

PBS recognized the need for a scope of work before the RWA is accepted by including the requirement in the RWA National Policy Document. Section 4.2 of the Policy states that “to be accepted by GSA, the RWA must contain a sufficiently detailed scope of work, including the location, type of work, amount of work, requested completion date and all required signatures.”

In most cases, the only information available to determine what was agreed to between PBS and the client at the initiation of the RWA was the information on the RWA form itself (GSA Form 2957). Specifically, the “Work Site” is entered in Block 4 of the form and the “Description of Requested Work” is entered into Block 7. While this may suffice for smaller RWAs, it is important to have a detailed scope to support larger repair and alteration projects. A proper scope is the basis for PBS’ RWA cost estimate to ensure the client has provided sufficient funds. Also, a well-defined scope at the outset can help PBS prevent unrelated modifications that should require a separate RWA.

Since most RWA files did not have a scope of work at the time of PBS acceptance, we had to determine the scope by relying on the supporting documents for the related procurement actions. These included the Requests for Proposals, the GSA Form 300, Order for Supplies and Services and/or vendor quotes.

The lack of a detailed scope at the initiation of the RWA contributed to the following issues:

Funds Used For Needs That Arise After RWA Acceptance – Inadequate RWA scopes led to funds being spent based on client decisions made after acceptance of the RWA by PBS. Some examples were:

- PBS Regions accepted a succession of RWAs from the US Marshal’s Service (USMS) with generic descriptions written in Block 7 of the form. These descriptions referred to “the renovation of special purpose space, within operation, cellblock, and support areas.” PBS staff we spoke to noted that the funds provided by USMS on these RWAs would be based on what the client had available, not based upon an agreed upon scope. Specific cases include:
 - On RWA 2887797 (*originally received in April 2002, modification approved in June 2004*), we were told that a year delay in spending the RWA funds was due to subsequent disagreements with USMS on what could be financed with the money provided.

- RWA 2918226 (*approved in August 2001*), issued for \$835,000, cited the JM Jones Federal Building (FOB) in Amarillo, TX (TX0006ZZ) as the specified worksite. However, \$390,934 was spent on projects in several other facilities not linked to the RWA: the Fort Worth Courthouse (TX0075ZZ), 1114 Commerce Street, Dallas, TX (TX0058DA) and the Cabell FOB and Courthouse in Dallas, TX (TX0284DA). This RWA was not amended to include the other work.
- RWA 3245956 (*approved in June 2003*) cited the Anderson, SC FOB and Courthouse (SC0004ZZ) as the specified worksite. However, none of the funds from this RWA were actually used in this facility. Instead, the RWA was used to fund several other projects, including a shooting range in the Tallahassee Courthouse (FL0049ZZ), renovation work in the Preyer FOB and Courthouse in Greensboro, NC (NC0028ZZ), repair and alteration work in the Post Office and Courthouse in New Bern, NC (NC0011ZZ) and a security project in the Russell FOB and Courthouse in Spartanburg, SC (SC0041ZZ). The USMS refused to amend this RWA (refer to page 28 for our discussion regarding makeshift RWA amendments).
- Under RWA 2910703 (*approved in September 2003*), the US District Court provided \$24,500 for what was identified as electrical work and alterations in Waycross, Georgia. However, the bulk of these funds were eventually combined with seven other RWAs to fund the replacement of light fixtures in a courtroom in Brunswick, Georgia. We were told by the cognizant property manager that it was common practice at the time to set aside several RWAs so that funds could be banked for future projects.
- PBS accepted RWA 3224948 (*approved in April 2003*) from the US Army National Guard at Camp Roberts, CA in the amount of \$150,000 for “various site improvements”. When we noted that purchases were made for a wide variety of labor and materials, PBS staff told us the client had come to PBS with a pot of money and said they would have a continuing need for construction services throughout the year. No specific project was initially identified; instead the client would call in with a need to use the funds, and PBS would issue a purchase order.

End of Fiscal Year Approvals – PBS staff would approve RWAs at the end of the fiscal year without a detailed scope due to client pressures. For instance, for RWA 3410480 (*approved September 30, 2004*), the approving official conceded that he did not know what the RWA was for; he signed the RWA on the last day of the fiscal year so that the client would not lose the money. Approving RWAs in this manner contributed to the bona fide need issue discussed below because in the absence of a defined scope, PBS does not have a basis to determine if a bona fide need exists.

Our audit showed that, on occasion, GSA has accommodated client agencies’ end-of-year approval needs on a large scale. The following excerpt from a letter sent by the Transportation Security Administration (TSA) to GSA’s Office of Realty Services on August 12, 2003 illustrates this point:

We appreciate your offer to help us process RWA's that we have prepared for pending renovation work at several of our field locations. As we agreed, we are forwarding a list of RWA's to get them in the system at GSA and get the funds set aside. As soon as final plans are completed and final costs are known, we will proceed with the work associated with the RWA's. As we discussed, the dollar figures associated with each project are estimates; we will likely need to make some adjustments as project details are finalized.

Given that the final details are not yet settled on these projects, we do not want work to commence on these projects, but we do need GSA to record the funds for each of these projects so that the money is officially transferred from TSA to GSA. We will be sending the actual RWA documents to our GSA regional representatives as usual, but we wanted to communicate our plans to you so that you could help us get the word to them.

The letter listed 30 RWAs, totaling in excess of \$6 million. We identified 25 out of the 30 listed RWAs and found that GSA processed 23 of these RWAs during September 2003; the remaining two RWAs were processed August 28, 2003 and March 29, 2004.

Miscommunications/Delays with Client – The lack of an agreed upon scope at the initiation of the RWA would sometimes hinder subsequent PBS work. For example, in the file for RWA 3313930 (*approved in August 2004*), an April 2005 letter from PBS to the client, noting the lack of a scope of work, said “we will be unable to complete a government estimate or solicit prospective vendors when your agency is ready for the project to begin.”

In another instance involving RWA 3590588 (*approved in August 2005*), a disagreement arose over which of three options the client agency had chosen for a requested fitness center buildout. Apparently, the RWA amount was established based on a lower priced option than the option the client agency thought it had selected. Consequently, the client agency balked at amending the RWA for additional funds because of what it perceived to be a mistake by PBS. Ultimately, another unrelated RWA from the same client was used to cover the increased costs. This file did not document an agreed upon scope prior to PBS's original estimate which could have precluded the misunderstanding.

One factor contributing to the lack of documented scopes is that many of the reviewed RWAs were for projects of a significant size. In our discussions, PBS staff said that for large projects, it might be impractical to have a detailed scope at the initiation of the RWA. Project managers told us they consider the detailed project design to be the scope of work. The design contractor performs this design after the RWA is accepted. In some cases, the RWA will provide funds to hire the designer; subsequent modifications will fund actual construction.

PBS Actions – PBS has taken action in recent years to address the scope of work deficiencies. In addition to the reinforcement of the policy contained in the RWA National Policy Document, the National Team noted that there are varied interpretations across the Regions as to what is a valid scope. In Recommendation 1 of their report, related to the Policy area, the National Team noted that the incorporation of minimum requirements for scope is necessary.

According to the National Team's New Federal Government Standardized Process for RWAs, the cognizant PBS employee must work with the customer agency to develop and present options

and obtain agreement on a comprehensive scope of work and tentative completion date before PBS can accept the RWA.

Lack of Cost Estimates

In addition to the scope of work, PBS policy also requires an independent cost estimate to be produced prior to acceptance of the RWA. After PBS and the client agency agree on a scope of work, PBS prepares the RWA cost estimate based on that scope. The client agency should be prepared to provide funds equal to the cost estimate; the instructions on the reverse side of the GSA Form 2957, Reimbursable Work Authorization, state the dollar amount of the RWA must match PBS' cost estimate.

We found that most RWA files did not include a detailed cost estimate. Some files did include GSA Form 3320, Estimate Worksheet, but in these cases the form listed one line item, matching the cost of the RWA, and did not provide any supporting breakdown of cost elements. While this type of estimate may meet the minimal requirement, it may not provide sufficient detail to ensure PBS and the client agency have a clear understanding of the project cost.

PBS' past practice of accepting RWAs without detailed scopes or estimates led to the need for significant modifications of existing RWAs to provide adequate funds. For example in RWA 3147397 (*approved in September 2002*), PBS accepted an initial RWA in 2002 for \$200,000; three amendments over the next year raised the eventual size of the RWA to over \$8.8 million. PBS staff noted the original RWA came in with just a basic idea of the client need; as their requirements were developed further, the client provided further funding. They acknowledged this type of RWA would not be accepted under current PBS practice.

Another example is RWA 3017087, which was approved on February 2, 2002 for \$76,183. An independent estimate was prepared June 10, 2002, approximately four months after the RWA acceptance. Between the initial RWA approval and the issuance of the estimate, the RWA was amended twice, raising the RWA's authorized amount to \$2,688,586. After the receipt of the estimate, the RWA was amended a third time to \$2,698,982.

Similarly, RWA 3220654 was issued in March 2003 for \$700,000. The file did not document that any type of an estimate was prepared to support the RWA's initial authorized amount. Ultimately, the RWA was amended three additional times, raising its authorized amount to \$1,674,094. Although GSA approved all of the amendments, none of these documents were supported by detailed estimates. Instead, as described above, the amended RWAs were supported by Project Estimate Summary Sheets, which only provided line item costs for broad categories such as Cost of Construction at Award and Total Design and Construction Costs, with no supporting details as to how these amounts were arrived at.

PBS Actions – PBS has made efforts to resolve this issue. The cost estimate requirement is clearly restated in the RWA National Policy Document. Also, the National Team noted that PBS does not have a standard RWA cost estimation tool. In Recommendation 3 of their final report,

related to the Data and Project Management area, the Team noted the need to develop a nationally consistent cost estimating process.

According to the National Team's New Federal Government Standardized Process for RWAs, after agreeing with the customer agency on scope, the cognizant PBS employee must prepare a cost estimate that delineates the cost of required services, as well as PBS fees. This estimate must then be sent to the agency for agreement. Once again, these steps related to estimates must be completed before GSA can accept the RWA.

Bona Fide Need

Our review raised concerns that PBS has been accepting RWAs for other than a current bona fide need of the client. We found it common in our period of review for PBS to accept a RWA in one fiscal year, but the work did not commence until the following fiscal year. In particular, PBS often accepted RWAs in the last month of the fiscal year for work commencing in the following fiscal year.

The RWA National Policy, Section 4.1.1, states "the requesting agency must have a current bona fide need for the goods or services to be provided by PBS at the time the agency enters into the reimbursable agreement." The Policy defines bona fide need as a basic principle of appropriation law; that an agency may obligate a fiscal year appropriation only to meet a legitimate agency need of the fiscal year the appropriation was made. Commonly, this issue arises for transactions that cross fiscal years. The RWA process should not be used to "park" funds from one fiscal year for use in the subsequent fiscal year.

For many RWAs we reviewed, the bona fide need was not evident for the RWA to be accepted in September for work that commenced well into the following fiscal year. As these RWAs were for basic repair work or purchases of furniture, it was not apparent why the RWA was needed before the fiscal year ended. Some PBS staff even conceded that they were assisting the clients in spending their funds before the end of the fiscal year.

We also noted RWAs in which significant periods of time elapsed between the time of RWA approval and the time the first contracting actions were taken. For example,

- RWA 3147397, approved by PBS 9/25/2002, contract for government estimate awarded 9/8/2003;
- RWA 3147588, approved by PBS 9/20/2002, first contract for construction awarded 1/31/2004;
- RWA 3162505, approved by PBS 10/31/2003, no contracts awarded as of audit commencement in 2006;
- RWA 2940498, approved by PBS 9/26/2001, contract for furniture awarded 9/13/2002;
- RWA 3410480, approved by PBS 9/30/2004, contract for Storm Sewer Survey Phase II awarded 6/16/2005; and
- RWA 3471704, approved by PBS 9/17/2004, contract for purchase of office equipment awarded on 3/31/2005.

The fact that many RWAs lacked a detailed scope of work at the time of the acceptance of the RWA contributes to the issue of bona fide need. PBS National Policy Document states, “the scope of the RWA must be clearly and sufficiently detailed so that the bona fide need of the requesting agency is evident”. For instance, the use of the generic scopes for USMS RWAs issued in September led us to question the bona fide need. For one USMS RWA issued in September, an entire year went by before the first contracting action was taken.

PBS Actions – PBS has taken action to ensure the bona fide need requirement is being met. The requirement to establish bona fide need has been clearly restated in the RWA National Policy Document in May 2005. To reinforce this requirement, the GSA Chief Acquisition Officer issued GSA Acquisition Letter V-06-05 (which superseded the previously issued V-05-16), which establishes periodic review requirements of actions taken to complete accepted RWAs. “GSA has a reasonable time after a reimbursable agreement has been accepted to complete the procurement action...All procurements that have not been executed within 90 days after acceptance of the reimbursable agreement are subject to a review... to determine whether to proceed with the procurement or close the reimbursable agreement and return funding to the customer agency.”

Further, the National Team has raised this issue. Their report noted that PBS has used varied interpretations of what constituted bona fide need. According to the National Team’s New Federal Government Standardized Process for RWAs, bona fide need must be addressed with the client agency. The Team’s RWA File Checklist points out that scope of work “must be sufficiently detailed so that the agency bona fide need is evident.” The Checklist further stipulates “the requesting agency must have a current bona fide need for the goods or services to be provided by PBS at the time the agency enters into the reimbursable agreement. Future needs or needs outside the scope of the reimbursable agreement shall not be added to the reimbursable agreement.”

Prompt Closure/Transfer of Funds

Many of the RWAs we selected for review were still open years after the RWA was submitted to and accepted by PBS. While some of the RWAs we selected were for large projects that could reasonably be expected to entail a multi-year effort, others should have been closed promptly after completion of the project.

The RWA National Policy Document states that once the purpose of the RWA has been fulfilled, the RWA should be closed out and “any remaining funding authority must be returned to the client agency promptly upon final closeout of an RWA.” It notes “future needs or needs outside the scope of the reimbursable agreement shall not be added to the reimbursable agreement.”

The issue of RWAs not being promptly closed out has led to subsequent problems in both GSA’s financial system and in PBS management of the RWA process. As noted in our Background section, GSA’s outside financial auditors have highlighted PBS past problems in closing out completed projects and returning budget authority.

We found that the efficient management of the RWA process can be adversely impacted when open RWA balances result in:

- Client requests to transfer funds to a different project outside the scope of the original RWA (not meeting bona fide need), or
- Client requests for the RWA to remain open, sometimes for years, in anticipation of a possible future transfer/use of funds (parking of funds).

Improper Transfers – As noted above, generally the RWA work should be limited to that described in the original scope. However, the RWA National Policy Document allows transfers if the RWA is amended, and if there is a bona fide need and the appropriation has not lapsed and is legally available. We found that PBS commonly allowed transfers of funds that did not meet those criteria. For example,

- In RWA 3149036 (*approved in September 2002*), funds were spent in a location not listed on the original RWA based only on a client agency e-mail request almost two years after the original acceptance of the RWA. The RWA was not amended for that purpose.
- In RWA 2910703 (*approved in September 2003*), we found that \$65,365 was reprogrammed from this RWA and seven others to fund repairs at a different building. This RWA and the others were not amended for this purpose.
- In RWA 2856553 (*approved in June 2001*), \$8,000 and \$12,725 were redirected from this RWA to help finance two different unrelated relocation projects. The RWA was not amended for these purposes.

Client agency persistence – Client agencies have come to rely on the RWA existing balances as a place to “park” funds for future use.

- In RWA 3147588 (*approved in September 2002*), after the auditor brought attention to a US Marshal’s Service RWA that had been open since September 2002, the PBS staff member decided to contact USMS to notify it that she was closing the RWA. In its response, the USMS refused to close the RWA and challenged PBS authority to do so without their agreement.
- In RWA 3252790 (*approved in September 2003*), two years after the associated project was complete, PBS informed the Coast Guard it wished to close the RWA, but the client responded to not close the RWA as “we will be transferring the balances to other RWA’s”.

In contrast to the above, we also found instances where questions were raised about why RWAs with remaining balances needed to remain open. For example, we found a memo that was sent by a GSA accounting technician to a PBS regional official indicating that a US Army Corp of Engineer official had been unsuccessful in obtaining any information from PBS about seven RWAs that had unused balances. The thrust of her inquiry was to determine if there was still a need to keep these RWAs open to pay any more bills or if the client agency could close out the RWAs and de-obligate the remaining funds. Among the seven RWAs were

- RWA 3223347 (*approved in April 2003, final modification in February 2004*), whose remaining balance of \$9,295 was finally closed out on 5/24/06, 24 months after the last payment was made against it and
- RWA 3292679 (*approved in February 2004*), which remained open for 34 months although none of its \$32,475 was ever used.

PBS Actions – PBS has acknowledged the need to ensure that RWAs are being promptly closed. As noted above, the RWA National Policy Document discusses the need for prompt closure of RWAs.

Further, the National Team has raised this issue. They noted in their review that PBS is not closing out RWAs in a prompt manner. In Recommendation 4 of their final report, related to Financial Management, the Team recommended a policy calling for RWAs to be closed five days after receipt of the receiving report.

Also, the National Team's New Federal Government Standardized Process for RWAs documents what steps the PBS staff members should perform to close the RWA, once all the related projects related to the RWA are completed.

II. RESIDUAL RISKS IDENTIFIED DURING OUR AUDIT

As previously discussed, the recommendations made by the National Team address certain problems that we identified during our audit. However, we have also identified areas that can be considered as residual risks³ to the RWA process. Therefore, we are bringing these risks to management's attention so that management can incorporate them in the reengineered process, issue clarifications where needed or disseminate them to GSA associates as part of their overall training/implementation process. These risks include:

- A need to clarify prospectus issues
- The use of GSA's contracting authority and associated consequences
- Appropriateness of cost allocations
- Allocation of project management costs to RWAs
- The lack of separation of duties regarding alterations in leased space
- Miscellaneous file documentation issues

Prospectus Issues Need To Be Clarified

In general, the PBS staff we spoke to regarding their specific RWAs were unfamiliar with or unclear on the existing PBS policy on the application of the prospectus threshold to RWA projects. In addition, RWA files frequently did not address prospectus requirements although the RWA amount exceeds the prospectus threshold.

Prospectus requirements are derived from the following statute:

The following appropriations may be made only if [the House and Senate Authorizing Committees] adopt resolutions approving the purpose for which the appropriation is made: (1) An appropriation to construct, alter, or acquire any building to be used as a public building *which involves a total expenditure in excess of \$1,500,000* [as adjusted for changes in the construction cost index pursuant to 40 USC §3307(g)]...⁴

Importantly, the emphasized text in the statute is intended to establish that “the prospectus threshold is triggered by the overall expenditure on the project, not by the amounts of individual appropriations.”⁵ Hence, based on this statutory mandate, PBS adopted the following policy:

The requirement to submit a prospectus for congressional authorization applies to alteration and new construction projects, whether funding is from one or multiple agency sources, and whether the project is an initial space alteration or an alteration any time during the term of a tenant's continuing occupancy⁶

³ A residual risk is defined as the risk remaining after management takes action to reduce the impact and likelihood of an adverse event.

⁴ 40 USC §3307 (formerly Section 7 of the Public Buildings Act of 1959, 40 USC §606)

⁵ Prospectus Guidance Bulletin #1, Prospectus Requirements for Alteration and New Construction Projects Involving Split (Tenant Agency and GSA) Funding, Office of Portfolio Management, October 2003

⁶ Ibid

PBS' policy also details three exceptions to the prospectus submission requirement, two of which were cited by GSA associates during our audit. The first exception states that if a customer agency's funding is not subject to Section 7 of the Public Buildings Act, then only GSA's portion of the project cost need be used to determine whether a prospectus is required. The third exception states that when GSA's portion of the project cost funds a fully functional and usable space and the customer agency's funding is attributable to "upgrades or enhancements that go beyond mere functionality"⁷, then, once again, only GSA's portion of the project cost need be used to determine whether a prospectus is required. (The second exception involves historic building alterations funded by BA64; we did not encounter this situation during our audit.)

We found that RWA files frequently did not document either prospectus authorization or which exception to the prospectus rules applied. Further, in discussions with PBS staff regarding these RWAs, initial responses indicated a lack of familiarity with existing PBS policy in this area. In one case, after researching the rules, PBS staff cited exception three as to why a prospectus had not been necessary for two separate RWAs (3278596, *approved in August 2003*, and 3422821, *approved in June 2004*). However, there was no documentation and/or analysis to support exception three's premise that GSA funded a fully functional space and the customer agency's RWA funded enhancements above and beyond the basic functionality. Therefore, this area remains a residual risk in terms of controlling compliance with applicable laws and regulations.

Another related area is when a project is divided into phases or an RWA grows past the prospectus threshold by virtue of amendments. For these situations, consideration must be given to the following guidance:

The scope of an alteration or a new construction project cannot be split merely to evade the prospectus threshold. While there is significant latitude in project scope setting, the general principle is that a project scope must be organic and whole: it must produce a viable, usable finished end-product building space or system.⁸

RWAs that fund multi-phased projects can lead to differing interpretations of prospectus requirements. For example:

- RWA 3186882 (*approved in February 2003*) was issued by the Customs Service for an amended total of \$1,570,000 for a space buildout in VA0877ZZ, a leased facility in Reston, VA. The RWA funded the following work that was ordered from the facility's lessor:

PO/Mod Date	Amount	Description
6/23/03	\$422,334	First floor buildout
10/17/03 <i>Mod 1</i>	13,688	
11/18/03 <i>Mod 2</i>	174,332	
8/12/03	<u>801,450</u>	Mezzanine buildout
Total	<u>\$1,411,804</u>	

⁷ Ibid

⁸ Ibid

In FY03, the prospectus threshold for R&A work in leased space was \$1,106,000. Therefore, it appeared that the underlying work exceeded the prospectus threshold. However, in the following written response to our inquiry regarding the issue of a prospectus, the project manager pointed out that this project consisted of five phases over a two-year period:

Phase I was to house the National Targeting Center in space that was under Lease and needed to be occupied within 30 days. The Mezz Level was occupied "As Is" with some minor IT modifications to meet Post 9-11 mandates required of CBP.

Phase II was build-out of the existing first floor in its entirety. This space was to house monitoring of major Port Facilities and staff support. This work was completed under an accelerated time frame to meet Post 9-11 mandates required of CBP.

Phase III was to re-enter the Mezz Level upon Phase II completion and provide a complete Build-out to house a training center for National Targeting Staff.

Phase IV was to provide emergency Generator Back-up for the entire facility.

Phase V was to provide for a secure space within the Phase II build-out so that secure interagency communication could be conducted.

This work (at least phases II and III) was performed for a single client using a single funding source and a single vendor and the underlying purchase orders were issued less than two months apart – but the work was performed on different floors. This interpretation of prospectus requirements may not be proper as it appears to conflict with the general principle "that a project scope must be organic and whole".

Similarly, multiple RWAs that fund a single purchase order can also result in the need to interpret prospectus requirements. For example:

- RWA 2856553 (*approved in June 2001*) was issued by the USMS for \$1,441,000 for renovations to the Spartanburg, SC Federal Building and Courthouse. This RWA was combined with two others, including one from another agency, as well as almost \$500,000 of BA54 funds, to fund a \$2.2 million purchase order for the Spartanburg renovations that was issued on 1/18/02; in FY02, the applicable prospectus threshold was \$2.13 million.

Although the actual renovation cost exceeded the prospectus threshold, the underlying work was divided into three segments and tracked as three separate projects; work for two different customer agencies and work paid for by GSA using BA54 funds. Since each segment fell below the threshold, prospectus approval was not sought (although the file was actually silent with respect to the prospectus issue). Once again, this interpretation of prospectus requirements needs to be looked at to ensure that it does not conflict with the general principles "that a project scope must be organic and whole" and funding from all agencies should be considered together.

Management needs to evaluate these types of situations to better control the risk of non-compliance with applicable laws and regulations.

Amendments to RWAs that push the RWA amount over the prospectus threshold present a potential vulnerability. We did see one situation where the project manager went back to the agency for prospectus authority after a project's funding needs grew beyond the prospectus threshold. On the other hand, in discussions with other PBS staff, some mentioned that prior to the "new policy" per the May 2005 National Policy Document, they considered each RWA initial amount and amendment separately for prospectus purposes, rather than considering the total RWA amount once it passes the threshold.

Finally, we noted several instances involving the US Marshals Service where generically scoped RWAs were issued to GSA for specific buildings. However, unbeknownst to GSA, these RWAs departed from specific fund allocations in committee reports that accompanied appropriation acts. For example:

- RWA 3245956 was issued by the USMS on 5/2/03 and approved by GSA on 6/13/03 in the amount of \$700,000 for the construction/renovation of special purpose space in Anderson, SC. In FY03, the USMS received a construction appropriation of over \$15 million and the accompanying committee report specifically allocated \$823,000 for the federal courthouse in Anderson, SC.⁹

We found that none of the funds from this RWA were actually used in the Anderson building. RWA funds were used instead for projects in Tallahassee, FL, Greensboro, NC, Spartanburg, SC and New Bern, NC.

- RWA 3147588 was issued by the USMS on 3/1/02 and approved by GSA on 9/20/02 in the amount of \$550,000 for the renovation of special purpose space in Prescott, AZ; although the RWA listed the Prescott building (AZ0011ZZ) as the primary work site (boxes 4 and 26B. of the Form 2957), an attachment to the RWA listed four additional buildings as well – AZ0303ZZ in Phoenix, AZ0307ZZ in Tucson, AZ6624ZZ in Flagstaff and AZ5128ZZ in Yuma. In FY02, the USMS received a construction appropriation of \$15 million and the accompanying committee report specifically allocated \$550,000 for detainee facilities in Prescott, AZ.¹⁰

We found that none of the work performed under this RWA was actually for the Prescott building. Most of the expenditures were used for a firing range in the Phoenix building (AZ0303ZZ) and task force furniture in AZ0058ZZ, another Tucson building that was not listed in the RWA.

The client agency is ultimately responsible for the proper use of its appropriations. Regardless of whether the USMS was legally required to follow the allocations in the committee reports, however, we believe GSA's project manager should be made aware of any appropriations limits

⁹ Consolidated Appropriations Resolution, 2003, Pub. L. No. 108-7, 117 Stat. 11; S.REP. No. 107-218, at 22 (2002).

¹⁰ Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002, Pub. L. No. 107-77, 115 Stat. 748; H.R. REP. No. 107-278, at 70 (2001) (Conf. Rep.).

or guidance from Congress, including allocations in committee reports, at the time of the RWA request. The GSA project manager can then take steps to ensure GSA is not exposed unnecessarily to risk.

Use of GSA's Contracting Authority

In providing contracting support to clients in the RWA program, PBS has not always followed the appropriate procurement regulations. PBS allowed the client to perform some of the steps that it should have performed to ensure that the Government is receiving the best possible products and services at fair and reasonable prices.

Once the RWA is received, PBS takes on responsibilities in its role as the acquisition service provider. The acquisition services include developing the acquisition strategy, developing the statement of work, determining the best solicitation approach, conducting the acquisition and administering the resulting contract. Certainly, in performing these duties, PBS must work with the client, particularly in developing the scope of work and in contract administration after award. However, PBS, in signing the contracting documents, must ensure that the contracts for goods and services comply with laws and regulations and that the acquisition represents best value to the Government.

We found instances in which the customer agency dealt directly with the potential contractor prior to submitting the RWA to PBS. The customer would solicit the proposal, review the proposal and determine that the prices were fair and reasonable. In doing this legwork, the client will have already decided on the procurement vehicle to be used, such as an existing contract under the Multiple Award Schedules. In these cases, PBS has essentially relied on the customer's work and issued a purchase order in the amount of the contractor's proposal, with the addition of the PBS fees. As a result, PBS is not fully complying with the procurement regulations because of a lack of acquisition planning and a lack of competition or justification of sole source procurement.

Some examples of RWAs in which PBS relied on the client-performed steps are:

- For RWA 3064603 (*approved in June 2002*) with the US Army Corps of Engineers (COE), the RWA file shows that the client agency solicited cost proposals directly from the lessor, reviewed these proposals for reasonableness and then provided these proposals, along with the RWA, to the PBS Contracting Officer. The COE also provided PBS the Independent Government Cost Estimate and price reasonableness analysis for its review. In our interview, the contracting officer acknowledged it should have been PBS' role to solicit bids and to determine the reasonableness of proposals by preparing the in-house estimate.
- The Price Negotiation Memorandum documented in the file for RWA 3311770 (*approved in September 2003*) shows that the PBS Contracting Officer relied on the client agency to review the lessor's proposal for reasonableness for a cabling project in US Army Corps of Engineer leased space.

- PBS received a Military Interdepartmental Purchase Request (MIPR) dated 9/29/2003 from the US Army to construct a warehouse at Camp Parks Reserve Forces Training Area. Attached to the MIPR was a package of documents addressed to the GSA Construction Branch; the package included the statement of work, drawing, bid proposal from the eventual contractor and the proposal breakdown. The US Army issued RWA 3323645 on the same day as the MIPR, 9/29/2003, for the amount of the bid proposal from the contractor. PBS awarded the contract two days later, 10/1/2003. It seems clear that the client agency conducted negotiations prior to PBS involvement and issuance of the RWA.

In many cases, the client had pre-selected a vendor from the Multiple Award Schedules (MAS). The MAS are a commercial acquisition vehicle that provides pricing that GSA has determined is fair and reasonable. While Government customers can purchase directly from the schedules without meeting the negotiation requirements of the Federal Acquisition Regulations (FAR) Part 15, there are still certain documentation requirements to be met.

For instance, for orders above the micro purchase threshold, the ordering activity must survey at least three schedule contractors, either by using the GSA Advantage on-line tool or by reviewing catalogs. If PBS simply awards the contract to the client's favorite vendor, PBS has not met its responsibility as the contracting authority.

Some examples involving MAS purchases are:

- For RWA 3224948 (*approved in April 2003*), PBS accepted \$350,000 from the US Army Reserves at Camp Roberts without a specific scope of work. The client used these funds throughout the year for basic repairs. All the purchases, except one, were made from a single MAS vendor – 21 separate purchase orders were issued to this same vendor from July 2003 through June 2004. The client would call PBS with each specific need, and PBS would issue the purchase order against the MAS contract per the client's request. The file does not show any record of a PBS determination of price reasonableness or competition for each order.
- For RWA 3278758 (*approved in September 2003*), PBS accepted \$877,500 from DHS for "miscellaneous R&A projects" at the INS Service Processing Center at Aguadilla, PR without a specific scope of work. In December 2003, two MAS vendors submitted four proposals *directly* to an INS project manager for four different projects: upgrades to the video surveillance system, the security console and the fire alarm life safety system and implementation of a new energy management system. In January 2004, GSA's contracting officer issued a purchase order corresponding to each of the four proposals; each purchase order reflected the vendors' proposed amount. The RWA file does not show any record of a PBS determination of price reasonableness or competition for each order.
- RWA 3410480 was approved by PBS in September 2004 for \$112,954 to provide the Navy with a storm sewer survey within their Naval Air Station in Pensacola, FL. The Navy eventually provided a Statement of Work (SOW) in February 2005; this SOW

listed a contractor as a Consultant Representative among various points of contact. This same contractor submitted a proposal in response to the SOW on 6/1/05; GSA's contracting officer issued a purchase order to this contractor, a MAS vendor, on 6/16/05 for the proposed amount. It appears from the SOW that this contractor had an unfair advantage. The RWA file does not show any record of a PBS determination of price reasonableness or competition for each order.

- A series of RWAs, many of which fell within our sample¹¹, were issued by the US Marshals Service to fund the procurement of administrative staffing for their headquarters facility in Virginia. These RWAs were accepted without defined scopes or estimates. The corresponding purchase orders were issued by GSA to a single MAS vendor covering a continuous period of performance spanning fiscal years 2002 through 2006.

The GSA contracting officer did not initiate these procurements. Rather, the USMS and the contractor essentially controlled the process. Specifically, the contracting officer received proposals directly from the contractor. The proposals listed the discipline(s) to be provided, as well as hours and labor rates. When applicable, proposals also named the contract employee(s) to be provided by the contractor. Finally, the proposals would cite the specific contract to be used for the order. The contracting officer merely transferred the information from the contractor's proposal to an Order For Supplies and Services (GSA Form 300).

By issuing purchase orders in this manner, without benefit of a statement of scope, estimate or procurement request, the contracting officer is relying strictly on a contractor's proposal without any independent corroboration. This situation was exacerbated because some of the purchases were outside the scope of the underlying MAS contract. When asked about this, the contracting officer stated that he had not been familiar with the scope of the underlying contracts or with what type of services the contracts were intended to provide.¹²

Another related situation we encountered in our review are cases where an agency's needs perhaps interfere with GSA's ability to conduct a procurement in accordance with appropriate regulations and/or practices. The following examples discuss sole source procurement, obligating the government in advance of obtaining authority and funding a contractor's construction loan interest:

- At the time RWA 3341591 (*issued in September 2003*) was submitted by the Department of Homeland Security to GSA for the purchase of file delivery system carts and buckets,

¹¹ RWAs 3416714, 2875440, 3416691, 3416701, 3224281, 3373336, 3143582, 3143566, 3373323, 3143579 and 3106367 were included in our NCR sample selection.

¹² This matter was discussed in greater detail in our Alert Report on Procurement Irregularities Associated With The Hiring of Support Staff for the US Marshals Service, Report Number A060101/P/2/W07002, dated 9/17/07.

the client agency also provided GSA with a requisition, an estimate and a suggested source. When GSA was ready to procure, the client agency's project manager indicated that a sole source purchase was required from a specific vendor because the same product had previously been custom molded and provided in other offices. It does not appear that this 'custom' requirement was previously disclosed to GSA, nor was the original suggested source the sole source provider. Although the RWA file indicated that PBS staff thought the sole source justification was weak, in order to satisfy the client, PBS went ahead with the sole source procurement, although they had already identified a less expensive source.

- The USMS required the build-out of leased space in a building located in Tallahassee, FL. The project was finished on 1/15/02 and the associated Supplementary Lease Agreement (SLA), committing the Government to pay the lessor \$7,275, was executed on 1/22/02. However, when GSA's realty specialist attempted to pay the lessor's invoice in March 2002, it became apparent that funding for this project had never been provided.

Subsequent e-mail traffic reveals that the USMS had authorized \$8,000 in funds by letter sent to GSA on 1/25/02 to be transferred from one of "numerous RWA's with money in them." However, the realty specialist had not been told which RWA to use. Ultimately, the \$8,000 was transferred on 4/5/02 from RWA 2856553, which was established for a project in Spartanburg, SC.

Obligating the Government in advance of getting authority is inappropriate¹³. As an e-mail from a GSA analyst explains, "they should not be doing work until they have the funding in hand. The USMS asks us to charge work in multiple locations to various RWA's, and to 'transfer' funds, without checking to see if there ARE any funds available. Spartanburg is an ongoing project with current commitments."

- The Transportation Security Administration (TSA) required janitorial services at the Bentonville Arkansas Airport for one year (April 21, 2004 to April 20, 2005). GSA issued the underlying purchase order to the vendor on 4/21/04, prior to the RWA being approved, using BA61 funds. RWA 3405518 was approved on 4/26/04 for \$25,000. Although the RWA was in place, invoices in FY04 and the beginning of FY05 were paid using BA61 funds. Ultimately, a cost transfer of \$9,712 from BA61 to BA80-N3405518 was processed on 11/9/04 to cover the FY04 disbursements.

This situation may have constituted an improper augmentation of the client agency's appropriation, as a transaction which should have been reimbursed was effectively treated as having been nonreimbursable by virtue of the initial BA61 funding.

- RWA 3294091 (*approved in September 2003*) totaling \$149,121 was issued by the TSA for alterations at the Laredo International Airport. Apparently, the selected contractor was incapable of performing the project unless it obtained a short-term loan from its bank. Consequently, the contractor requested and GSA's contracting officer agreed that

¹³ Obligating in advance of getting authority is considered a violation of the Antideficiency Act (31 USC §1341(a)(1)), Principles of Federal Appropriations Law, Volume II, Chapter 6, Section C.2.

GSA would pay for “the interest rate and any fees associated with the short term loan.” Ultimately, the contractor’s invoice did include \$5,441 of “administrative cost” which the contracting officer identified as representing construction loan interest; this invoice was paid.

The contracting officer explained that the situation in Laredo was unique in that there was a limited contractor pool willing to work at this border city, and that the contractor selected needed to be acceptable to the City of Laredo. The “acceptable contractor” needed to take out a construction loan so the contracting officer had to agree to fund this or not get the work done. However, the payment of a contractor’s construction loan interest is not an appropriate use of appropriated funds.

Project Costs Not Allocated to Appropriate Cost Centers

We found that project costs were not always allocated to the specific facilities that the costs were directly associated with, thereby negatively impacting the financial accountability over the RWA process. Our review identified several reasons why costs were not captured under the correct building numbers, including the use of dummy building numbers as placeholders, the allocation of costs to the building that was originally linked to the RWA rather than the building that ultimately benefited from the expenditures, the citation of a wrong building number on an underlying document, the inconsistent treatment of indirect expenses, the misallocation of costs to a building in close proximity to the subject building and employee errors and/or misinterpretations of the rules governing RWA accountability.

The following are examples of RWAs that fell into these various categories:

Use of Dummy Building Numbers as Placeholders – We found that it was common practice to use dummy building numbers as placeholders on RWAs when PBS did not yet know the building number of the worksite. This may happen on an RWA for work at leased space where the lease had not yet been awarded or to fund a move to a newly constructed building for which a building number has not yet been assigned. However, we noted examples where, once the worksite became known, costs were not reallocated to the appropriate cost center. For example,

- RWA 3216574 (*approved in August 2003*) was issued by the Coast Guard for the build-out of new leased space in Beaumont, Texas. \$411,892 of costs was charged to a dummy building number (AX0700AX) and \$181,955 was charged to TX2589ZZ, the actual new leased facility. Costs charged to the dummy number were never reallocated to TX2589ZZ.
- RWA 3248788 (*approved in June 2003*) was issued by the Missile Defense Agency for the design/construction of the Suffolk Building. Of the \$4.1 million of costs charged against this RWA, \$74,636 were charged to a dummy building number (AX1100AX). According to PBS officials “The building owners renovated the building, renamed it the Suffolk Bldg., and GSA issued the VA0895ZZ Building No.” Costs charged to the dummy number were never reallocated to VA0895ZZ.

Cost Allocated to 'Originally Linked' RWA – The following RWAs illustrate a risk associated with transferring funds from an RWA to another project; the cost allocation may follow the linkage to the original RWA rather than the cost center to which the costs actually provide a benefit.

- RWA 3298783 (*approved in September 2003*) was issued by the Department of Homeland Security for \$350,000 to construct a Dog Exercise Area – TX0394ZZ - at a border station in Del Rio, Texas. \$66,917 of funds from this RWA were also used to help finance the construction of a metal storage facility – TX0831DR - at the same border station. However, although these costs were associated with TX0831DR, they were nevertheless charged to TX0394ZZ, the dog exercise area cost center.
- RWA 3294091 (*approved in September 2003*) was issued by the TSA for \$149,121 for repair and alteration work at Laredo International Airport (TX2140ZZ). However, although \$37,620 was redirected from this RWA to finance janitorial services at the Corpus Christi Airport (TX2505ZZ), these costs were still allocated to Laredo because the contracting officer believed that regardless of where the funds were actually expended, the costs still had to be captured under the facility to which the RWA was linked.

Wrong building cited on related documents – We found several examples of costs being allocated to an incorrect cost center because of errors in an underlying document. For example,

- RWA 3433292 (*approved in August 2004*) was issued by the Department of Agriculture for \$45,446 to renovate existing space at the Fort Worth Federal Center's Building 23 (TX0808FW). However, besides capturing costs under TX0808FW, \$1,621 of additional carpeting was charged to the G Mahon Post Office and Courthouse in Midland, TX (TX0220ZZ). Apparently, this was simply an error that resulted from the wrong building (TX0220ZZ) being cited on the Form 300 Order for Supplies.
- For other examples in this category, refer to:

RWA 3066245 (*approved in June 2002, final modification in November 2005*) which also included a purchase order error.

RWA 3278596 (*approved in August 2003*) which had costs charged to five different PBS building numbers, three of which were charged in error.

Indirect Charges – Indirect costs are sometimes treated differently than the associated direct expenditures. The following example illustrates this point:

- RWA 3252790 (*approved in September 2003*) was issued by the Coast Guard for \$54,968 to fund the move of a Coast Guard unit to the Dellums Federal Building (CA0281ZZ). However, in addition to \$6,474 of moving costs charged to CA0281ZZ, an additional \$9,262 was charged to the Burton Federal Building (CA0154ZZ).

We determined that the \$9,262 charge represented the relocation coordination fee charged by the Region's relocation coordinator. Apparently, this particular regional relocation coordinator always charges her costs using CA0154ZZ, the building she is located in, regardless of the actual location of the underlying move.

Buildings Close to Each Other – Buildings that are next to each other or are located in the same complex are still separate cost centers and need to be treated as such for accounting purposes. We found several instances where there seemed to be a lack of concern over actually trying to match expenditures with the cost centers they benefit because of the proximity of the buildings involved. For example,

- RWA 3535967 (*approved in September 2003, modified in April 2005*) was issued by the Drug Enforcement Agency for \$983,000 for the construction and installation of a perimeter fence and barrier for the South Central Laboratory (TX2416ZZ) at 10150 Technology Blvd. East in Dallas, TX; this RWA was amended to \$1,094,078. However, besides capturing costs under TX2416ZZ, \$108,917 associated with the last two project modifications was captured under 10160 Technology Blvd. East (TX2415ZZ). In response to our inquiry, we were told that the two buildings are adjacent to each other. This response does not explain how or why the costs were allocated between the two buildings, but does raise the residual risk of inaccurately accounting for costs due to the proximity of the buildings involved.
- RWA 3397765 (*approved in June 2004, modified in September 2004*) was issued by the State Department to fund space alterations/renovations at leased space located at 1000 Wilson Blvd. in Rosslyn, VA (VA0864ZZ). However, of about \$1.7 million of charged costs, only about \$45,000 was charged to VA0864ZZ. The remainder was charged to VA0255ZZ, which corresponds to 1100 Wilson Blvd. According to PBS officials, the buildings are twin towers, connected by a walkway. We were told that the assignment of charges to VA0255ZZ was a miscoding.

Employee errors/misunderstandings – Finally, we found several examples of unexplained errors, possibly attributable to carelessness or a misunderstanding of rules governing RWAs.

- RWA 3027284 (*approved in March 2002, final modification in January 2006*) was issued by the Food and Drug Administration to finance the consolidation of 14 facilities at the White Oak Campus in Maryland. Project costs were captured under six Maryland facilities and two buildings located in the Washington, DC area. We were not able to determine the reason for allocating costs to the two Washington, DC facilities. According to the responsible PBS official, these costs were simply allocated to these two facilities in error.
- RWA 3528550 (*approved in February 2005, modified in September 2005*) was issued by the Department of Homeland Security (DHS) to finance the relocation of the U.S. Navy from the Nebraska Avenue Complex to the Polk Building (VA1477ZZ). Of the total RWA funding of \$17,600,000, we found that \$3,800,000, which was paid to the Army Corps of Engineers for furniture, was charged to dummy building number AX1100AX,

although all funds benefited VA1447ZZ. PBS representatives acknowledged that it was a mistake to capture any of the costs under AX1100AX, but could not explain how the error occurred.

- RWA 3223415 (*approved in June 2003*) was issued by the State Department to extend the services of a project scheduler for the reorganization and integration of the staff. All \$271,416 of costs charged against this RWA were allocated to a dummy building number (AX0400AX). Our research determined that at the time this requirement originated in FY01, costs were charged to 2201 C St., NW (*DC0046ZZ*); subsequent RWAs, including 3223415, started allocating these costs to the Region's dummy building number. PBS representatives could not explain why the change was made to the dummy number.

In the first example, it appears that the error resulted from the fact that multiple buildings were involved in the underlying procurement. In the latter two examples, however, the errors may have resulted from a misunderstanding or misinterpretation of RWA accountability rules. The charging of payments to the Army Corps of Engineers to a dummy number may be indicative of a perception that payments to a "non-traditional" vendor, such as a government entity, should be treated differently than payments to a "normal" vendor, even though, in each case, the incurrence of costs is benefiting a specific building (ie, cost objective). In the case of the State Department's project scheduler, a PBS official speculated that the purchased services may not have been specifically associated or oriented to a GSA owned building (although the RWA did specify a specific address in the Work Site box). In other words, the services of a project scheduler may not be space related and therefore, they should not be associated with a building as a cost objective.

PBS efforts to improve financial control over the RWA process would fall in line with an initiative GSA has undertaken to ensure that cost accounting systems better link financial data to performance. The Activity Based Costing and Management initiative, documented in ADM 4215.1, seeks to have GSA adopt activity based costing, to ensure that business processes accurately reflect their costs. By more accurately linking data to performance of a process, GSA management can better analyze and manage the costs and activities under their control.

Also, the RWA National Team has noted that one of its concerns is to improve accountability over the RWA process, with an emphasis on financial management and project management. Improving, standardizing and documenting the methodologies to accurately assign project management costs would allow PBS better control over the RWA process. PBS would be better able to:

- Determine if PBS is recovering its costs in reimbursable services,
- Analyze if PBS is calculating its business costs effectively for this business line, and
- Communicate with PBS clients the costs of providing reimbursable services.

Allocation of Project Management Costs

PBS in the National Capital Region (NCR) had no consistent method to allocate contractor costs to specific RWAs.¹⁴ PBS can improve its financial management of the RWA program by instituting guidelines to better tie the RWA process to its associated costs.

PBS Service Centers in NCR utilize contractor support to supplement in-house staff. For some of the RWAs we selected for review, PBS staff told us contractors assisted them in areas of project management and administrative support.

As part of the PBS pricing policy for RWAs, PBS charges customer agencies a 4 percent project management fee. The fee covers indirect project costs for both PBS staff and contracted staff hired by PBS for project management. We noted that PBS NCR's practice is to allocate all or a portion of the contract employees' invoiced cost to individual RWAs up to the amount of the RWA's budgeted management fee. In this way, contractor fees would be charged to Budget Activity 80, for RWAs, instead of Budget Activity 61, Building Operations.

The RWA files we reviewed did not document the method and/or calculation used to allocate contract employee management costs to individual RWAs. However, PBS staff told us that PBS has not issued specific guidelines or policy to govern this cost allocation. PBS budget staff in the Service Centers designed individual methodologies to assign these costs. We had concerns with the methods used to make some of these allocations.

No tie between specific RWA and actual contractor work – We found that in some cases contract employee costs would be assigned to RWAs based on which RWAs still had balances of project management fees available to absorb these costs, not based on which projects the contractors specifically worked on. For example,

- While discussing RWA 3397765 (*approved in June 2004*) received from the Department of State, PBS staff explained their methodology to allocate the costs of the contractor hired to assist the Service Center. First, the annual cost of contractor services is determined and then the total of 4 percent fees available for all State Department RWAs is totaled. The allocation is then made based on which RWA has a fee portion available to be allocated, not on the specific work done by the contract employees.

Mismatch between RWA and Contractor Performance Period – We found instances where project management costs are being allocated to RWA projects that were already completed prior to the performance period of the project management invoice. For example,

- In RWA 3060908 (*approved in September 2002*), the Environmental Protection Agency (EPA) provided funds for GSA to hire a contractor to help create a property management database. The database project ended March 30, 2003, which was the date of the last invoice. PBS allocated some project management costs to this RWA. However, the

¹⁴ This issue was unique to NCR, owing to the prevalence of contract support staff assigned to NCR's Service Centers as opposed to the other Regions in our sample.

performance period on the invoiced project management cost allocated was January through April 2004, much later than the project itself.

Allocation to Dummy Building Number – We found instances where project management costs would be allocated to a dummy number instead of the actual building number where the RWA funded work was done. For example,

- In RWA 3222461 (*approved in December 2003*), the EPA provided funds for PBS to hire a contractor to perform a nationwide rent analysis. PBS staff told us that work on this RWA was assisted by a PBS contractor that provided PBS with administrative support, such as processing invoices. However, the contractor's costs were charged to a dummy building number, AX1100AX, instead of the building number of the EPA. PBS staff told us that it was common practice at the time to allocate non-building related costs to a dummy number.
- RWA 3405563 (*approved in April 2004, modified in September 2005*) was issued by the Department of Defense for the build out of leased space at One Liberty Center, located in Arlington Virginia (VA0882ZZ). Of the \$1,301,016 of costs charged against this RWA, \$32,875 was allocated to a dummy building number (AX1100AX). It turns out that these costs represent an allocation to the RWA of the cost of a contract employee assigned to NCR's Metropolitan Service Center.

We traced these costs to a purchase order that procured the services of a project manager for the Service Center for fiscal year 2005. The accounting and appropriation data cited on the purchase order allocated the cost of the contract employee to thirteen different RWAs but to just one cost center, the dummy building number. Apparently, the accounting data established on this purchase order carried forward as the costs were actually charged to the RWA.

Lack of Segregation of Duties Regarding Alterations in Leased Space

A fundamental concept of internal control is that no one department or person should handle all aspects of a transaction from beginning to end. However, we found several instances, where, for repair and alteration work for a client agency in leased space, a single realty specialist approved the RWA, executed the associated Supplemental Lease Agreement (SLA) and signed the receiving report indicating the work was done. This lack of segregation of duties is a control weakness that should be addressed. For example,

- RWA 3017087 (*approved in February 2002, final modification in February 2003*), initially totaling \$76,183, was amended three times to \$2,698,982. The RWA was issued by the Secret Service for alterations to their Miami Field Office (FL2540ZZ), a leased facility.
- RWA 3358885 (*approved in November 2003*) totaling \$289,598 was issued by the US Army for the construction of a PATRIOT SCIF (*sensitive compartmented information facility*) at their Huntsville AL project office (AL1007ZZ), a leased facility.

- RWA 3112937 (*approved in August 2002, modified in May 2003*), for an amended amount of \$42,845, was issued by the US Marine Corps (USMC) to procure and install portable manual crash beam barricades at FL2912ZZ, a leased facility located in Miami, FL.

The three aforementioned RWAs were administered in the same Region by three different contracting officers. And in each case, the associated contracting officer signed the initial and amended (where applicable) RWAs used to finance the alterations, the corresponding SLA and the associated Receiving Report certifying that the services were received and accepted.

In discussing this issue, the first two contracting officers told us that because of the implementation of “new policies”, they are now effectively precluded from signing off on all aspects of a transaction. Specifically, a Branch Chief must now approve the RWA. Additionally, the first contracting officer indicated that although the contracting officer/realty specialist still approves the SLA and the Receiving and/or Inspection Report, the Branch Chief’s approval is also required before payments can be made to the lessor. The second contracting officer explained that although the contracting officer/realty specialist still approves the SLA, a Buildings Manager or Real Estate Broker must inspect and sign off on the work.

Conversely, the third contracting officer did not see any problem with a specialist handling all phases of a transaction and was unaware of any new policies that would prohibit this practice. She explained that the specialist is the most knowledgeable official associated with a project and that current staffing shortages are not conducive for complying with a policy that would require additional personnel to be involved with a transaction.

In addition to the examples detailed above, we noticed that in other regions, the RWA acceptance function and the procurement function were similarly not separated. In the following examples, the same Contracting Officer approved the RWA and executed the SLA; receiving reports were not documented in any of the associated files.

- RWA 3308013 (*approved in June 2003*) totaling \$274,000 was issued by the Transportation Security Administration to finance repairs and alterations at Los Angeles International Airport.
- RWA 3311770 (*approved in September 2003*), for an amended total of \$338,361, was issued by the US Army Engineer District to provide and install Cat 5 wiring at leased space located in Sacramento, CA.
- RWA 3422821 (*approved in June 2004, modified in December 2004*), for an amended total of \$2,629,653, was issued by the Dept. of Treasury to finance their relocation from the San Francisco Financial Center to leased space in Emeryville, CA.

- RWA 3216574 (*approved in August 2003*), for an amended total of \$635,000, was issued by the Coast Guard for the build-out of new leased space in Beaumont, Texas.

We consider this to be a residual risk. While we did receive some acknowledgement that segregation of duties is an issue that has been rectified by virtue of the new policies being implemented, there was not universal recognition that this is an issue that needs to be addressed.

Miscellaneous File Documentation Issues

We found several issues related to file documentation that we would like to bring to management's attention.

Procurement of Furniture from the National Furniture Center

There tends to be an information gap when the National Furniture Center (NFC) is involved in a project. This results from the fact that the NFC deals directly with client agencies, issues its own purchase orders and receives the resultant invoices. Thus, RWA files contain minimal or no documentation relative to furniture purchases. Essentially, we have been told that the NFC does not provide information to PBS and, consequently, GSA project managers do not know how RWA funds are being spent. For example,

- RWA 3224294 (*approved in April 2003, final modification February 2006*), for an amended total of \$11,016,463, was issued by DHS for various furniture and renovation work. \$3.8 million of furniture purchases were not documented in the file.
- RWA 3322235 (*approved in December 2003, final modification September 2005*), for an amended total of \$12,797,204, was issued by DHS for furniture and miscellaneous renovation work. \$2.1 million of furniture purchases were not documented in the file.
- RWA 3066245 (*approved in June 2002, final modification November 2005*), for an amended total of \$1,700,607, was issued by INS for furniture and moving expenses. \$684,829 of furniture purchases were not documented in the file.

Conversely, we did note an example of a file where, due to the diligence of the project manager, NFC did provide \$2.1 million worth of furniture purchase orders. RWA 3322060 (*approved in September 2003*) was issued by Immigration & Customs Enforcement for \$4,189,117 to provide Integrated Occupancy Services, including tenant improvements, furniture, moving and security at their US Visit office in Arlington, VA (VA0901ZZ), a leased facility. The PBS project manager, in an e-mail to the NFC, asserted that "*the FSS have charged more than the \$1,200,000 allocated under our project budget for this RWA for systems furniture. To date, the total charges is \$2,017,701. Our finance division did not receive any of these obligations from FSS, they were just charged to the RWA. We need to resolve this ASAP. Please send me the list of obligations*

made to this RWA to date so that we can reconcile the funding for this project.” In response, the NFC did provide the requested information, which we found documented in the RWA file.¹⁵

Use of RWA Form to Account For FTS Cabling and Telephone Services

In one Region, we noted a file that contained two uniquely prepared RWA documents using the same RWA number. One RWA was the official document received from the client agency and the second was being used to document cabling and telephone work that had been ordered from FTS. The use of the Form 2957 in this manner can lead to confusion and ineffective file management.

RWA 3205682 (*approved in September 2003, modified in September 2004*), for an amended total of \$1,664,484, was issued by the INS for Integrated Occupancy Services, including cabling, telephone, security, tenant improvements, move services and furniture for a temporary relocation to leased facility TX2385ZZ located in Dallas, TX. Included in this total was \$417,039 of work that was ordered through FTS’s IT Solutions Group.

The file contained a second RWA document for cabling equipment and telephone services that listed the GSA Service Center as the ‘Agency’, used the same RWA number as the official document and cited an accounting string that referenced an IX¹⁶ document. The ‘RWA’ was certified by a PBS official and approved by a FTS official. According to Regional officials, the practice in the Region is to use the RWA document to have some record of a fund transfer between PBS and FTS. He acknowledges that it is not really an RWA, it is just an informal use for tracking purposes. The Region does not have a formal form for an “IX” document type.

Makeshift RWA Amendments

In one Region, we noted a file that contained makeshift RWA amendments. These documents were used to amend the scope of the original RWA in lieu of actual amended RWAs.

RWA 3245956 (*approved in June 2003*) totaling \$700,000 was issued by the USMS for space alterations in Anderson, SC. Subsequent to the RWA’s issuance, the USMS made three separate written requests to transfer funds from this RWA to other projects: \$290,000 to fund the construction of a firing range in Tallahassee, FL, \$100,000 for a renovation project in Greensboro, NC and \$23,000 for renovation work in Spartanburg, SC. The file documented three ‘makeshift amendments’ that were created to effectively modify the scope of the original RWA to include these three additional work items. The accompanying figure shows that the makeshift document was essentially a basic form that incorporated a copy of the client agency’s letter.

¹⁵ The Federal Supply Service (FSS) and Federal Technology Service (FTS) were combined into the Federal Acquisition Service (FAS) on October 12, 2006. Our references to FSS and FTS in this and the following paragraphs involve documents and transactions that predate this milestone.

¹⁶ An IX document type is used for non-itemized, intra-agency orders.

According to PBS officials, the “makeshift amendments” were prepared because the client agency refused to amend the RWA. So rather than refuse the scope modification, they ensured that at least the file would be documented.

Figure 1 Example of makeshift amendment

Conclusion

Our audit identified problems and issues that impact the effectiveness of and accountability over the RWA process. For example, we identified problems associated with the lack of scopes and/or estimates, bona fide need and the use of remaining RWA balances for other projects. However, PBS, having recognized that RWA management is a problem area affecting its financial controls and relationships with clients, has undertaken significant initiatives in recent years to improve RWA performance. Most notably, PBS’s National RWA Team has identified many significant problem areas, including the ones we identified above, and has recommended processes and procedures to address these problems. Consequently, should the National Team’s recommendations get successfully implemented, many, if not all of these aforementioned problem areas should be mitigated.

Our audit also identified areas of risk that have not been specifically addressed by the National Team. Understandably, whenever management undertakes an initiative to improve a process, as is this case here with RWAs, some element of risk always remains. It is these residual risks that we chose to highlight and bring to management’s attention in this report in an effort to help improve the RWA process by minimizing opportunities for problematic transactions. Our report discusses risks associated with prospectus-related issues, the use of GSA’s contracting authority, the allocation of project management service costs, the appropriateness of cost allocations, the lack of separation of duties regarding leased space alterations and several file documentation issues. By addressing these areas of residual risk, management can further ensure a more efficient and effective RWA program going forward.

Recommendations

We recommend that the Commissioner of the Public Buildings Service take steps to ensure a more efficient and effective RWA program by:

1. Ensuring that the controls recommended by the National Team are effectively implemented and adhered to and that the results achieved are monitored.
2. Ensuring that the residual risks associated with the RWA process identified in this report are incorporated into the National Team's reengineered process, addressed by management where clarifications are needed and/or disseminated to GSA associates as part of their overall training/implementation process. Specifically, GSA needs to ensure that:
 - A. RWAs impacted by prospectus-related issues, such as projects being divided into phases, RWA amendments pushing the prospectus threshold or RWAs based on a client agency's specific line-item appropriation, are handled appropriately.
 - B. Applicable procurement regulations are followed when providing contracting support to client agencies under an RWA.
 - C. RWA project costs are allocated to the specific facilities for which the costs were incurred.
 - D. Project management service costs are consistently allocated to the specific RWAs.
 - E. Duties are properly segregated for leased space alterations using RWA funding.

Management Comments

Management concurred with the report recommendations.

Management Controls

As discussed in the Objectives, Scope and Methodology section of this report, the audit did address controls over the RWA process. Hence, related management control issues are discussed in the context of the audit findings.

**AUDIT OF REIMBURSABLE WORK AUTHORIZATIONS
REPORT NUMBER A060101/P/2/R08006**

MANAGEMENT COMMENTS



GSA Public Buildings Service

SEP 30 2008

MEMORANDUM FOR: HOWARD R. SCHENKER
REGIONAL INSPECTOR GENERAL FOR AUDITING (JA-2)

FROM: DAVID L. WINSTEAD
COMMISSIONER
PUBLIC BUILDINGS SERVICE (P)

SUBJECT: Draft Report: Audit of Reimbursable Work Authorizations
Report Number A060101

The Public Buildings Service (PBS) appreciates the opportunity to comment on the Office of the Inspector General's draft Report Number A060101. The audit findings are consistent with some of the issues previously identified as a result of initiatives of the Reimbursable Services Division.

In July 2006, PBS commissioned a team of subject matter experts to determine ongoing issues with the Reimbursable Work Authorization (RWA) process and to make recommendations for improvement. In December 2007, PBS created the Reimbursable Services Division to oversee the RWA process and implement management controls as necessary. The report acknowledges some of PBS's efforts to improve the RWA program, specifically in the areas of project scope, cost estimates, Bona Fide Need, and prompt closure of RWAs.

As a result of additional efforts by PBS's Reimbursable Services Division and regional subject matter experts, additional management controls and improvements have been put into place. Some of these improvements include greater process consistency, a new Form 2957 and billing statement, better file documentation, creation of the Project Tracker Web-site, use of better customer communication tools, training initiatives for PBS staff and our customer agencies, and better use of existing analytical data. In addition, future enhancements are planned for our financial and project tracking systems and a re-write of the RWA National Policy Document.

We concur with the audit recommendations, and we will prepare a corrective action plan to implement them upon receipt of the final audit report. We will also continue with our efforts to further improve the RWA process.

Should you have any questions, please contact Mr. Anthony E. Costa, Deputy Commissioner, PBS, on (202) 501-1100.

U.S. General Services Administration
1300 F Street, NW
Washington, DC 20405-0002
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**AUDIT OF REIMBURSABLE WORK AUTHORIZATIONS
REPORT NUMBER A060101/P/2/R08006**

SCHEDULE OF RWAs THAT APPEAR IN REPORT

RWA No.	Region	Original Amount	Total Amount	Original Request Date	Last Approval Date	Last Purchase Doc	Last Billed Date	Client Agency	Report Page
		<i>Note (1)</i>	<i>Note (2)</i>	<i>Note (3)</i>	<i>Note (4)</i>	<i>Note (5)</i>	<i>Note (6)</i>	<i>Note (7)</i>	<i>Note (8)</i>
2856553	4	\$1,441,000	\$1,441,000	04/16/01	06/27/01	08/16/04	03/25/06	USMS	10, 14, 19
2875440	NCR	70,000	97,000	02/26/02	11/05/02	11/20/02	03/25/06	USMS	18
2887797	9	20,000	31,843	04/26/02	06/08/04	09/28/04	11/25/05	USMS	4
2910703	4	240,500	24,500	09/22/03	09/22/03	05/09/05	09/25/05	US Dist Ct	5, 10
2918226	7	835,000	835,000	04/16/01	08/31/01	05/14/04	03/25/05	USMS	4
2940498	9	50,000	50,000	09/21/01	09/26/01	08/26/04	01/25/05	USGS	8
3017087	4	76,183	2,698,982	12/13/01	02/21/03	05/01/03	02/25/05	Secret Service	7, 26
3027284	NCR	176,738	16,927,622	03/06/02	01/13/06	02/02/06	05/25/08	FDA	22
3060908	NCR	5,000	28,381	08/06/02	09/13/02	11/14/03	01/25/05	EPA	25
3064603	4	540,733	540,733	05/07/02	09/19/02	01/27/03	03/25/03	COE	16
3066245	4	2,043,597	1,700,607	03/29/02	11/19/05	09/24/03	10/25/05	INS	21, 27
3106367	NCR	54,000	54,000	09/16/02	09/30/02	01/06/05	03/25/06	USMS	18
3112937	4	33,364	42,845	07/10/02	05/10/03	02/05/04	09/25/04	USMC	26
3143566	NCR	175,000	175,000	09/16/02	04/03/03	04/16/03	02/25/05	USMS	18
3143579	NCR	250,000	250,000	12/24/02	04/03/03	04/01/05	08/25/06	USMS	18
3143582	NCR	250,000	250,000	12/24/02	04/03/03	02/26/04	02/25/05	USMS	18
3147397	NCR	200,000	8,843,000	09/18/02	09/16/03	11/29/05	01/25/07	State	7, 8
3147588	9	550,000	550,000	03/01/02	09/20/02	07/20/05	07/25/07	USMS	8, 10, 15
3149036	9	99,500	99,500	09/26/02	09/26/02	07/28/04	07/25/07	USMS	10
3162505	9	69,787	69,787	06/09/03	10/31/03	N/A	N/A	USMS	8
3186882	NCR	750,000	1,570,000	02/14/03	07/21/03	03/01/04	05/25/05	Customs	13
3205682	7	1,542,739	1,664,484	09/19/03	09/20/04	12/13/04	09/25/05	INS	28
3216574	7	550,000	635,000	07/30/03	09/23/03	11/30/04	05/25/05	USCG	20, 27
3220654	4	700,000	1,674,094	03/03/03	09/09/05	05/24/05	04/25/08	FBI	7
3222461	NCR	219,395	219,395	12/15/03	12/17/03	10/22/05	12/25/05	EPA	25
3223347	4	113,081	312,705	04/14/03	02/04/04	03/03/06	03/25/04	COE	11
3223415	4	166,451	286,309	04/18/03	09/25/03	09/30/03	11/25/04	State	23
3224281	NCR	750,000	750,000	03/26/03	04/03/03	04/01/05	05/25/07	USMS	18
3224294	NCR	1,800,000	11,016,463	04/20/03	02/08/06	02/06/06	05/25/08	DHS	27
3224948	9	150,000	350,000	04/07/03	07/16/03	06/21/04	10/25/04	Army	5, 17
3245956	4	700,000	700,000	05/02/03	06/13/03	11/30/04	08/25/05	USMS	5, 15, 28
3248788	NCR	4,190,000	4,190,000	06/17/03	06/27/03	01/09/06	02/25/07	MDA	21
3252790	9	54,968	54,968	09/09/03	09/12/03	06/10/04	10/25/06	USCG	10, 22
3278596	9	1,372,881	1,372,881	06/11/03	08/13/03	07/20/05	07/25/05	ICE	13, 21
3278758	4	877,500	877,500	09/25/03	09/29/03	01/22/04	05/25/06	DHS	17
3292679	4	32,475	32,475	01/13/04	02/04/04	02/13/04	N/A	COE	11
3294091	7	149,121	149,121	06/19/03	09/13/03	12/07/05	12/25/05	TSA	20, 21
3298783	7	350,000	350,000	08/25/03	09/08/03	12/19/03	10/25/05	DHS	21
3308013	9	274,000	274,000	06/19/03	06/30/03	08/04/04	08/25/04	TSA	26
3311770	9	423,361	338,361	09/11/03	04/23/04	04/22/04	12/25/04	COE	17, 27
3313930	9	370,000	370,000	06/23/04	08/12/04	06/29/05	05/25/08	TSA	6
3322060	NCR	4,189,117	4,189,117	09/26/03	01/17/06	12/02/04	03/25/08	ICE	27

RWA No.	Region	Original Amount	Total Amount	Original Request Date	Last Approval Date	Last Purchase Doc	Last Billed Date	Client Agency	Report Page
		<i>Note (1)</i>	<i>Note (2)</i>	<i>Note (3)</i>	<i>Note (4)</i>	<i>Note (5)</i>	<i>Note (6)</i>	<i>Note (7)</i>	<i>Note (8)</i>
3322235	NCR	1,000,000	12,797,204	12/19/03	09/16/05	10/17/05	05/25/08	DHS	27
3323645	9	741,676	741,676	09/29/03	09/29/03	10/01/03	11/25/04	Army	17
3341591	7	181,329	174,684	09/02/03	03/03/06	12/15/03	08/25/04	DHS	19
3358885	4	289,598	289,598	11/04/03	11/07/03	04/26/04	08/25/04	Army	26
3373323	NCR	175,000	175,000	03/16/04	04/20/04	06/23/04	04/25/05	USMS	18
3373336	NCR	300,000	300,000	03/16/04	04/20/04	01/06/05	06/25/05	USMS	18
3397765	NCR	490,000	1,912,000	06/07/04	09/28/04	02/28/05	02/25/08	State	22, 24
3405518	7	25,000	26,888	03/29/04	01/26/05	04/21/04	07/25/07	TSA	19
3405563	NCR	1,338,880	1,408,880	03/30/04	09/29/05	12/02/05	12/25/07	DOD	25
3410480	4	112,954	112,954	09/30/04	09/30/04	06/16/05	06/25/06	Navy	5, 8, 18
3416691	NCR	673,000	673,000	05/18/04	07/16/04	12/12/05	12/25/06	USMS	18
3416701	NCR	132,000	132,000	05/18/04	07/16/04	04/01/05	05/25/07	USMS	18
3416714	NCR	742,000	742,000	05/18/04	07/16/04	01/06/05	11/25/05	USMS	18
3422821	9	2,271,686	2,629,653	05/17/04	12/10/04	08/23/05	03/25/05	Treasury	13, 27
3433292	7	45,446	45,446	07/30/04	08/02/04	08/27/04	08/25/05	USDA	21
3471704	7	100,054	100,054	09/16/04	09/17/04	03/31/05	06/25/05	DCMA	8
3528550	NCR	10,662,967	17,600,000	02/03/05	09/13/05	08/31/05	11/25/07	DHS	23
3535967	7	983,000	1,094,078	09/26/03	04/18/05	02/17/06	09/25/06	DEA	22
3590588	7	65,000	65,000	08/11/05	08/15/05	03/28/06	05/25/06	Treasury	6

NOTES:

- (1) Original Amount represents the amount of the RWA at the time of its initial acceptance by GSA.
- (2) Total Amount represents the ultimate amount of the RWA, including all modifications, as of the time of our review.
- (3) Original Request Date represents the Date of Request as recorded in Box 1 of the originally submitted RWA.
- (4) Last Approval Date represents the date of the GSA approver's signature as recorded on the latest version of the RWA, as of the time of our review.
- (5) Last Purchase Doc represents the effective date of the latest purchase document that we were able to identify at the time of our review. Depending on the RWA, the purchase document may be a purchase order, amended purchase order, contract award, contract amendment or supplemental lease agreement.
- (6) Last Billed Date represents the last date that GSA billed the customer agency to recover expenditures against the authorized amount of the RWA. These dates were extracted from RETA (RWA Entry & Tracking Application) on 5/28/08.

SCHEDULE OF RWAs THAT APPEAR IN REPORT
(CONTINUED)

NOTES:

(7) The abbreviations used signify the following agencies:

COE	Army Corps of Engineers	ICE	Immigration and Customs Enforcement
DCMA	Defense Contract Management Agency	INS	Immigration and Naturalization Service
DEA	Drug Enforcement Administration	MDA	Missile Defense Agency
DHS	Department of Homeland Security	TSA	Transportation Security Administration
DOD	Department of Defense	USCG	US Coast Guard
EPA	Environmental Protection Agency	USGS	US Geological Survey
FDA	Food and Drug Administration	USMC	US Marine Corps
FBI	Federal Bureau of Investigation	USMS	US Marshals Service

(8) Report Page indicates the page number(s) of our report on which the RWA is discussed.

**AUDIT OF REIMBURSABLE WORK AUTHORIZATIONS
REPORT NUMBER A060101/P/2/R08006**

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Regional Administrator, Pacific Rim Region (9A)	1
Regional Administrator, National Capital Region (11A)	1
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